

AUTUMN/WINTER INSIGHT CHELSEA & SOUTH KENSINGTON

Knight Frank



James Pace
Department Head
Chelsea and South Kensington Sales

“AFTER A SLOW BUT PRODUCTIVE SUMMER, WE ARE NOW IN THE MIDST OF A VERY BUSY AUTUMN MARKET WITH DEMAND STRONG ACROSS THE BOARD BUT PARTICULARLY BELOW £2,000,000. WE ARE ALSO SEEING MANY CLIENTS WHO ARE CONCERNED ABOUT THE IMPLICATIONS OF THE GOVERNMENT CONSULTATION ON A CAPITAL GAINS CHARGE AND A NEW ANNUAL CHARGE ON UK RESIDENTIAL PROPERTY, WHICH IS DUE OUT IN DECEMBER.”



“ACCURATE PRICING AND IMMACULATE PRESENTATION HAVE YIELDED VERY HEALTHY RESULTS FOR OUR CLIENTS OVER THE SUMMER MONTHS. AS WE NOW MOVE TOWARDS CHRISTMAS, THE MARKET REMAINS BUSY WITH A PARTICULAR FOCUS ON THE VERY BEST ONE OR TWO BEDROOM FLATS BEING IN EXCEEDINGLY HIGH DEMAND. THE INFLUX OF HIGH NET WORTH FRENCH TENANT REMAINS A STRONG THEME ACROSS SW3/SW7.”



David Mumby
Department Head
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AUTUMN/WINTER INSIGHT

CHELSEA & SOUTH KENSINGTON SALES

Knight Frank



James Pace, Head of Knight Frank Chelsea and South Kensington Sales, discusses a bumper year, who's buying, and the trend for paying significant premiums for unmodernised properties.

How has your market performed so far this year?

There has been little consistency this year with regards to the sales market. We started off extremely busy but the Spring market was a little slow having been softened undoubtedly by the increase in SDLT. The summer was long and slow but ultimately productive but at the time of writing, we are absolutely frantic. We have certainly noticed this month that there is a renewed sense of purpose from buyers but equally, we are certainly seeing more property becoming available to buy than we have seen for some time.

What nationalities are buying in the area?

As an area, the traditional spectrum of purchaser tends to come from Western Europe. However, we have seen a widening of nationalities recently with purchasers coming from as far a field as South Africa, The United Arab Emirates and Russia. We have had the usual interest from Italian buyers and have certainly noticed an increase in interest from French purchasers but this has not necessarily translated into sales as of yet.

Have any particular trends emerged recently in your sales market?

There is still a huge appetite for properties below £2m which has obviously been brought about by the change in stamp duty and the potential charge on properties held by 'non-natural' persons priced at above this level. We have seen investors therefore hungry particularly for properties priced at below £1.5m which then allows their asset to potentially grow without the property then being subject to the higher 7% SDLT or the incoming annual charge.

House prices have been increasing, do you think the trend will continue?

Whilst I have no reason to see there being a sudden drop in prices I do see that there is a little more stock coming on to the market, particularly in the flat market. I therefore think that that buyers may have a little more choice when looking to buy and this, together with a tough mortgage market, will undoubtedly slow price rises for the time being to flatten off.

What property types are most in demand?

As I've already said, we have a lot of demand for flats up to £2m right now across the area but there is also a strong demand for family houses of which there is still precious little available. South Kensington as an area doesn't physically have that many but Chelsea does and both areas tend to be where people domicile themselves so want to have their primary residences. This is unlike many other Prime Central London areas such as Knightsbridge and Mayfair.

What makes your local market special?

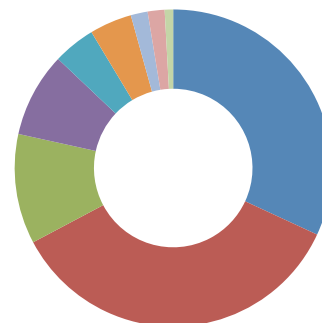
I think that the fact that most people who live in Chelsea and South Kensington regard it as their home gives it a very special feel. It also has a wonderful mix of property from grand white stucco fronted properties in the wide streets such as Queens Gate, to the quirky, discreet houses often tucked away in Chelsea near the river. The area is blessed with many open spaces as well as the Park to the north and the River in the South. And finally, where else can you find so much culture and history within a residential area?

Chelsea and South Kensington sales market at a glance

What do our applicants want to spend?



Where do our buyers come from?



The Knight Frank team



James Pace
Department Head,
Chelsea and South
Kensington Sales



John Kennedy
Partner



John Waters
Associate



Nick Gaunt
Negotiator



Harriet Taylor
Negotiator



Tom Kain
Negotiator



Amy Rogers
Negotiator

AUTUMN/WINTER INSIGHT

CHELSEA & SOUTH KENSINGTON SALES

Knight Frank



Chelsea and South Kensington properties

SOLD

Refurbished one bedroom flat

ELM PARK GARDENS

1 bedroom
£860,000



SOLD

Views over communal gardens

STANHOPE GARDENS

2 bedrooms
£1,375,000



SOLD

Spectacular garden flat

LAMONT ROAD

2 bedrooms
£1,550,000



SOLD

Freehold house with patio garden

DRAYTON GARDENS

3 bedrooms
£1,850,000



SOLD

Immaculate third floor apartment

DRAYTON GARDENS

3 bedrooms
£2,650,000



SOLD

Rare private patio

ENSOR MEWS

3 bedrooms
£3,295,000



SOLD

Wonderful west facing garden

CLAREVILLE GROVE

3 bedrooms
£3,850,000



SOLD

Stunning refurbishment

QUEEN'S GATE PLACE

4 bedrooms
£4,500,000



SOLD

Spectacular penthouse apartment

GLOUCESTER ROAD

4 bedrooms
£4,750,000



SOLD

Stunning low built house

JUSTICE WALK

4-5 bedrooms
£4,950,000

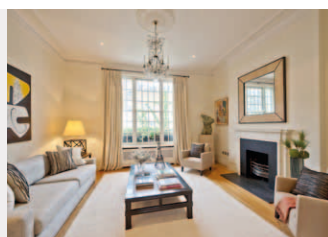


SOLD

First class location

NEVILLE TERRACE

5 bedrooms
£5,395,000



SOLD

Stunning family house

CHELSEA PARK GARDENS

6 bedrooms
£11,250,000



AUTUMN/WINTER INSIGHT CHELSEA & SOUTH KENSINGTON LETTINGS

Knight Frank



David Mumby, Head of Knight Frank Chelsea and South Kensington Lettings, discusses who's renting, hidden gems, and the positive outlook for the year ahead.

How has your market performed so far this year?

It's been a positive last few months. Pricing may have softened a little since the end of 2011 but the best properties are securing high calibre Tenants at historically strong levels. On average the rental levels being achieved are still within 2% of the highest seen in Chelsea. August was a little quieter for new tenant registrations but September is proving to be frenetically busy and we expect this to continue for the run into Christmas.

Who is renting in the area?

As an area, the traditional spectrum of Tenants tends to come from Western Europe, North America and from within the UK. We have seen a strong demand from high net worth French nationals, quite possibly as a result of the recent tax changes imposed by the new Hollande government. Overwhelmingly, Tenants are involved in the financial services and legal sectors of the London employment market. We are lucky enough to be able to offer some of the smartest pied-à-terre's through to the grandest family houses in Central London.

Have any particular trends emerged recently in your market?

There has been a noticeable increase in tenants wishing to rent "turn-key" fully furnished properties. This is particularly noticeable at the family house and large lateral apartment end of the marketplace with exceptional results being achieved for immaculate fully furnished properties, certainly a noticeable change in demand from 5 years ago. The greater flexibility offered by renting has attracted many high net worth individuals who in turn expect the very best level of finish and furnishings and are prepared to pay a premium.

Where are rental prices at the current time, do you think the trend will continue?

While rents may be performing below trend, activity has risen, with new lettings volumes in the last three months 18% higher than the same period in 2011. This increase in activity reflects a broader shift in favour of the rental sector across the UK, due to the lack of mortgage market funding for new entrants in the owner-occupier market. Our view is that the current weakness in headline rents is not evidence of a wider downturn in demand from tenants. Rather it is that affordability constraints are limiting the scope for rental growth, and that the weaker performance of London's economy is effectively resetting rental levels downwards. Our forecast for 1% growth in 2012 may be slightly too optimistic, but we are confident in our expectation for stronger positive growth in the medium term.

What property types are most in demand?

We always have a healthy demand for flats up to £1,000 per week for the majority of the year, right now there is also a strong demand for immaculate family houses in the £4,000-10,000 per week sector, of which there has been very little available over the last 12 months. We have found more recently that the search for the right property is often led more by the actual specification of the property rather than a specific locality.

What makes your local market special?

I couldn't see myself working in any other part of London. The area has such a fantastic and eclectic mix of shabby chic, old world charm right through to stunning minimalist spaces. We are blessed with many open green spaces with Hyde Park to the north and the Thames in the South. Above all else, it's clients that I have worked with for years that make this such a great place to work.

Chelsea and South Kensington lettings market at a glance

What do our applicants want to spend?



under £500	24%
£500 to £750	37%
£750 to £1000	13%
£1000 to £1500	9%
£1500 to £2500	9%
£2500+	8%

Nationality of our tenants?



United Kingdom	44%
United States	13%
France	11%
Russian Federation	5%
Italy	4%
Others	23%

The Knight Frank team



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Department Head,
Chelsea and South
Kensington Lettings



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Associate



Robert Gittins
Senior Negotiator



Marie Wale
Senior Negotiator



Anna Boughen
Negotiator



Isobel Holt
Negotiator

AUTUMN/WINTER INSIGHT

CHELSEA & SOUTH KENSINGTON LETTINGS

Knight Frank



Chelsea and South Kensington properties

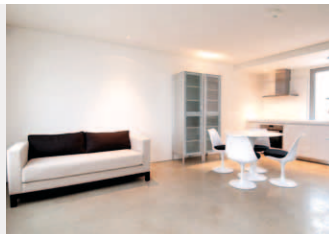
LET

Split level flat

CHEYNE WALK

1 bedroom

£525pw



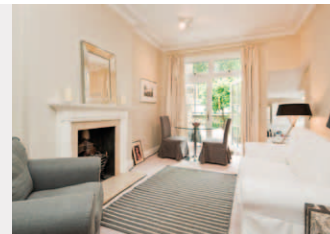
LET

Charming 2 bedroom flat

BEAUFORT STREET

2 bedrooms

£545pw



LET

Beautifully renovated two bedroom flat

IFIELD ROAD

2 bedrooms

£575pw



LET

One bedroom conversion flat

CRANLEY GARDENS

1 bedroom

£595pw



LET

Immaculate interior designed flat

COLERIDGE GARDENS

2 bedrooms

£650pw



LET

Beautifully presented three bedroom flat

REDCLIFFE GARDENS

3 bedrooms

£725pw



LET

Exceptional two bedroom flat

HARCOURT TERRACE

2 bedrooms

£850pw



LET

Beautifully refurbished one bedroom flat

ROLAND GARDENS

1 bedroom

£850pw



LET

Newly refurbished flat

ROLAND GARDENS

2 bedrooms

£995pw



LET

Stunning three bedroom flat

BRECHIN PLACE

3 bedrooms

£2,250pw



LET

Magnificent light living space

GLEDHOW GARDENS

4 bedrooms

£2,950pw



LET

Stunning family apartment

QUEEN'S GATE

4 bedrooms

£3,950pw





SOURCING THE IDEAL PROJECT



TURNING IT INTO THE IDEAL HOME



FINDING THE IDEAL BUYER

A WORLD OF PROPERTY KNOW-HOW

From looking for the perfect renovation opportunity through to finding the right buyer at the best price, Knight Frank were with their clients Gal and Tania at every stage of their latest project. This included using Knight Frank's unrivalled market insight to help them get the design just right for their target buyers, wherever they may be in the world.

According to Gal, ***"Knight Frank is more than simply an agent; they're trusted advisers – honest, reliable and there's no property question they can't answer."***

Discover more reasons why clients like Gal and Tania choose Knight Frank – talk to us on **Chelsea 020 7349 4300, South Kensington 020 7871 4111** or visit

KnightFrank.co.uk/FranklySpeaking

